

Company Registration No. 06845434

ENW FINANCE PLC

**Half Year Condensed Financial Statements
for the period ended 30 September 2017**

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Interim Management Report

Cautionary statement

This interim management report contains certain forward-looking statements with respect to the financial condition and business of ENW Finance plc (the 'Company'). Statements or forecasts relating to events in the future necessarily involve risk and uncertainty and are made by the Directors in good faith based on the information available at the date of signature of this report. The Company undertakes no obligation to update these forward-looking statements. Nothing in this unaudited interim management report should be construed as a profit forecast nor should past performance be relied upon as a guide to future performance.

Directors

The names of the Directors who held office during the period and subsequently are given below:

Peter Emery
David Brocksom
Chris Dowling
John Lynch
Niall Mills

Operations

The principal activity of the Company is that of a financing company within the North West Electricity Networks (Jersey) Limited group (the 'Group') and the Company has debt in issue and listed on the London Stock Exchange.

There have been no significant changes to the activity of the Company in the current period.

Results

The results for the period are included in the Condensed Profit and Loss Account on page 3.

There have been no significant events in the 6 months ended 30 September 2017 in respect of the Company.

Principal risks and uncertainties

The principal risks and uncertainties have not changed from the last annual report. As the Company's obligations in respect of the listed debt are met via income receivable from Electricity North West Ltd ('ENWL'), the Board considers the principal risks and uncertainties facing the Company to be those that affect ENWL and the larger Group.

The principal trade and activities of the Group are carried out by ENWL and a comprehensive review of the strategy and operating model, the regulatory environment, the resources and principal risks and uncertainties facing that Company, and ultimately the Group, are discussed in the ENWL Annual Report and Consolidated Financial Statements for the year ended 31 March 2017.

The Annual Reports and Consolidated Financial Statements of ENWL and the Company can be found at www.enwl.co.uk.

Going concern

After making enquiries, and based on the assumptions, sensitivities and uncertainties outlined in the accounting policies on pages 6 and 7, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to adopt the going concern basis in preparing the Half Year Condensed Financial Statements.

Interim Management Report *(continued)*

Responsibility statement

We confirm that to the best of our knowledge:

- a. the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer as required by DTR 4.2.4R;
- b. the interim management report includes a fair review of the information required by DTR 4.2.7R; and
- c. the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

Registered address

ENW Finance Plc
304 Bridgewater Place
Birchwood Park
Warrington
WA3 6XG

Approved by the Board of Directors and signed on its behalf:



D. Brocksom

Chief Financial Officer
22 November 2017

Condensed Profit and Loss Account*For the period ended 30 September 2017*

		Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
	Note			
Operating profit		-	-	-
Interest receivable and similar income	3	6,414	6,419	12,809
Interest payable and similar charges	4	(5,296)	(5,436)	(10,671)
Profit on ordinary activities before taxation		1,118	983	2,138
Taxation	5	(285)	(212)	(511)
Profit for the financial period/year		833	771	1,627

All the results shown in the Condensed Profit and Loss Account, for each period, derive from continuing operations.

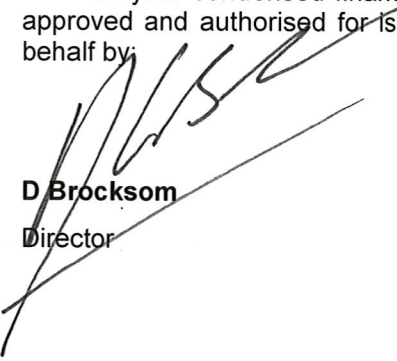
There were no other items of comprehensive income, other than the results shown above, and therefore no separate Condensed Statement of Comprehensive Income has been presented.

Condensed Balance Sheet

as at 30 September 2017

	Note	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
ASSETS				
Fixed assets				
Derivative financial instruments	10	292,513	322,469	310,728
Loans to group undertakings	6	219,782	219,624	219,686
		512,295	542,093	530,414
Current assets				
Amounts owed by group undertakings	7	6,245	5,849	6,052
Cash at bank and in hand	12	12	12	12
		6,257	5,861	6,064
Total assets		518,552	547,954	536,478
LIABILITIES				
Current liabilities				
Creditors: Amounts falling due within one year	8	(6,160)	(5,774)	(5,971)
Net current assets		97	87	93
Total assets less current liabilities		512,769	542,180	530,507
Non-current liabilities				
Borrowings	9	(199,281)	(199,124)	(199,186)
Derivative financial instruments	10	(299,803)	(331,636)	(318,943)
Deferred tax		(1,253)	(1,054)	(1,156)
		(500,337)	(531,814)	(519,285)
Total liabilities		(506,497)	(537,588)	(525,256)
Net assets		12,055	10,366	11,222
CAPITAL AND RESERVES				
Called up share capital		13	13	13
Profit and loss account		12,042	10,353	11,209
Total shareholders' funds		12,055	10,366	11,222

The half-year condensed financial statements of ENW Finance plc (registered number 06845434) were approved and authorised for issue by the Board of Directors on 22 November 2017 and signed on its behalf by:


D Brocksom

Director

Condensed Statement of Changes in Equity*For the period ended 30 September 2017*

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2016	13	9,582	9,595
Profit for the financial period	-	771	771
At 30 September 2016 (unaudited)	<u>13</u>	<u>10,353</u>	<u>10,366</u>
At 1 April 2016	13	9,582	9,595
Profit for the financial year	-	1,627	1,627
At 31 March 2017 (audited)	<u>13</u>	<u>11,209</u>	<u>11,222</u>
Profit for the financial period	-	833	833
At 30 September 2017 (unaudited)	<u>13</u>	<u>12,042</u>	<u>12,055</u>

Notes to the Half Year Condensed Financial Statements

1 General information

The financial information for the 6 month period ended 30 September 2017 and similarly the period ended 30 September 2016 has neither been audited nor reviewed by the auditor. The financial information for the year ended 31 March 2017 has been based on information in the audited financial statements for that year.

The financial information for the year ended 31 March 2017 does not constitute the statutory financial statements for that year (as defined in s434 of the Companies Act 2006), but is derived from those financial statements. Statutory financial statements for 31 March 2017 have been delivered to the Registrar of Companies. The auditor reported on those financial statements: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or s498(3) Companies Act 2006.

2 Significant accounting policies

Basis of preparation

The Company has adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"), on the basis that it meets the definition of qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100"). The Annual Report and Financial Statements have therefore been prepared in accordance with FRS 101, as issued by the Financial Reporting Council. The Half Year Condensed Financial Statements of the Company have been prepared in accordance with FRS 104, 'Interim Financial Reporting'.

As permitted by FRS 101 and FRS 104, for all periods presented, the Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to financial instruments, capital management, presentation of cash flow statement, standards not yet effective and related party transactions with other wholly-owned members of the Group.

Where relevant, equivalent disclosures are given in the consolidated financial statements of North West Electricity Networks plc, the Company's immediate parent; the consolidated financial statements of North West Electricity Networks plc are available to the public and are available on the website www.enwl.co.uk.

The results for the period ended 30 September 2017 have been prepared using the same methods of computation and on the basis of accounting policies consistent with those set out in the Annual Report and Financial Statements of ENW Finance plc for the year ended 31 March 2017.

The Directors do not believe that the Company is affected by seasonal factors which would have a material effect on the performance of the Company when comparing the interim results to those expected to be achieved in the second half of the year.

Going concern

When considering continuing to adopt the going concern basis in preparing the Half Year Condensed Financial Statements for the six months ended 30 September 2017, the Directors have taken into account a number of factors, including the financial position of the Company and the Group in which it operates. The Company is ultimately a subsidiary of North West Electricity Networks (Jersey) Limited, and the key trading subsidiary in the Group is ENWL. As the Company's obligations in respect of the listed debt are met via income receivable from ENWL, the Board considers the principal risks and uncertainties facing the Company to be those that affect the larger Group.

In consideration of this, the Directors of this Company are cognisant of the going concern disclosure which appears in the Half Year Condensed Consolidated Financial Statements of both ENWL and North West Electricity Networks Plc, the Company's immediate parent undertaking. Disclosure of the considerations made by the Directors in terms of the North West Electricity Networks Plc group and company cash flows, liquidity position, borrowing facilities and covenant compliance can be found in the North West Electricity Networks Plc Half Year Condensed Consolidated Financial Statements.

Notes to the Half Year Condensed Financial Statements (continued)**2 Significant accounting policies (continued)**

Consequently, after making the appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing the Half Year Condensed Financial Statements.

Changes in accounting policy

There are no accounting policies and standards adopted for the six month period ended 30 September 2017, or for the remainder of the year to 31 March 2018, that have a significant impact on the Company.

Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments at FVTPL are stated at fair value, with any gains or losses on re-measurement recognised in the profit and loss account. The net gain or loss is recognised in the profit and loss account in finance expense and is separately identifiable from the net interest paid or received on these financial instruments, see Note 4. Fair value is determined in the manner described in Note 10.

3 Interest receivable and similar income

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Interest receivable from Group companies	6,414	6,419	12,809

4 Interest payable and similar charges

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Interest payable on borrowings held at amortised cost	6,221	6,216	12,403
Fair value movement on derivatives held for trading	(925)	(780)	(1,732)
	5,296	5,436	10,671

Notes to the Half Year Condensed Financial Statements (continued)
5 Taxation

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Current tax:			
UK corporation tax	189	198	396
Deferred tax:			
Current year	96	14	173
Prior year	-	-	(58)
Tax charge for the period/year	285	212	511

Corporation tax is calculated at 19% (period ended 30 September 2016: 20%, year ended 31 March 2017: 20%) being the best estimate of the effective tax rate for the full financial year.

The rate will change 17% on 1 April 2020. Deferred tax is calculated based on the expected future tax rates.

6 Loans to Group undertakings

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Loans to group undertakings	219,782	219,624	219,686

On 21 July 2009 the Company lent Electricity North West Limited proceeds of £198.2m in relation to the bond issue of £200.0m at 6.125 per cent fixed rate due 2021, net of discount on issue, on terms aligned to the terms of the external bond (see Note 9) and associated intercompany hedging arrangements. The carrying value of the receivable reflects the amortisation of the discount. On the same date, the Company also lent £20.5m to the immediate parent company, North West Electricity Networks plc.

7 Amounts owed by Group undertakings

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Amounts owed by group undertakings	6,245	5,849	6,052

The amount due in less than one year is interest relating to the loans to group undertakings (Note 6).

Notes to the Half Year Condensed Financial Statements (continued)
8 Creditors: amounts falling due within one year

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Accrued interest	2,378	2,378	2,378
Corporation tax	3,782	3,396	3,593
	6,160	5,774	5,971

9 Borrowings

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Bonds measured at amortised cost	199,281	199,124	199,186

The Company has £200.0m 6.125% fixed rate bonds due 2021, guaranteed by ENWL.

10 Financial Instruments
Categories of financial instruments at FVTPL

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Derivative financial assets	292,513	322,469	310,728
Derivative financial liabilities	(299,803)	(331,636)	(318,943)

Profit for the year has been arrived at after (crediting)/charging the following fair value movements:

	Unaudited Period ended 30 September 2017 £000	Unaudited Period ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Derivative financial assets	18,215	(65,268)	(53,527)
Derivative financial liabilities	(19,140)	64,488	51,795
Net credit to Profit and Loss Account (Note 4)	(925)	(780)	(1,732)

